

Message Text

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PAGE 01 LAGOS 13979 021632Z

ACTION EB-08

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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 5193

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E.O. 11652: N/A

TAGS: EGEN, EFIN, EAIR, NI

SUBJECT: REMITTANCES DELAYED AT CENTRAL BANK - PAN AM

1. LOCAL PAN AM MANAGING DIRECTOR DENAZARIO AND VISITING REPS DAVID REDPATH, ALAN STREETER AND HENRY SPECELEY SOUGHT EMBASSY COUNSEL AND ASSISTANCE IN OBTAINING QUICK CENTRAL BANK REPATRIATION APPROVAL FOR OVER DOLLARS 3 MILLION IN REMITTANCES. FYI DOLLARS 3 MILLION REPRESENTS OVER 10 PERCENT OF PAN AM'S TOTAL BANKED CASH ASSETS. END FYI. ACCORDING TO PAN AM SOME OF ITS REPATRIATION REQUESTS AT CENTRAL BANK NOW OVER THREE MONTHS OLD AND SOME HAD BEEN RESUBMITTED THREE TIMES ONLY TO HAVE BEEN LOST BY CENTRAL BANK CLERKS.

2. PAN AM SAID IT HAS SIMILAR REPATRIATION PROBLEMS IN GHANA

AND ZAIRE WHERE DELAYS ARE DUE TO FOREIGN EXCHANGE SHORTAGES AND ASKED IF NIGERIA WAS ALSO DELIBERATELY DELAYING PAYMENT BECAUSE OF FOREIGN EXCHANGE SCARCITY. EMBOFF SAID NIGERIA'S FOREIGN EXCHANGE RESERVES WERE HEALTHY (DOLLARS 4.5 BILLION) AND THAT PROBLEM WAS ENTIRELY MECHANICAL, I.E., THAT CENTRAL BANK WAS STILL PARALYZED FROM FOREIGN EXCHANGE SCANDALS EARLIER THIS YEAR.

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PAGE 02 LAGOS 13979 021632Z

3. TO BREAK UP PAYMENT LOGJAM AT BANK CLERK LEVEL, EMBASSY ARRANGED MEETING BETWEEN PAN AM/EMBASSY AND CENTRAL BANK'S DIRECTOR OF BANKING OPERATIONS OTITI WHO HAS ALSO SEEN LUFTHANSA AND UTA THIS WEEK ON SIMILAR PAYMENT PROBLEMS. OTITI APOLOGIZED PROFUSELY, BLAMING THE BANK'S BUREAUCRACY FOR THE DELAYS. HE SAID THAT ANY FIRM EXPERIENCING OVER A 2-3 WEEK DELAY ONCE REPATRIATION REQUESTS WERE SUBMITTED TO CENTRAL BANK SHOULD

CONTACT HIMSELF OR ANOTHER SENIOR BANK OFFICIAL FOR ACTION.
TO SOLVE PAN AM'S IMMEDIATE PROBLEM, OTITI ASKED THAT PAN AM
HAND DELIVER THE PAPERWORK RELEVANT TO THE DELAYED REMITT-
ANCES AND PROMISED SPEEDY RESOLUTION TO PROBLEM.

4. COMMENT:

A) PAN AM IS ONE OF SEVERAL U.S. FIRMS SPECULATING TO EMBOFFS
THAT REMITTANCE DELAYS ARE INTENTIONAL. ADMITTEDLY FMG IS SLOW
IN PAYMENT ITS CONTRACT OBLIGATIONS, E.G., DOLLARS 3 MILLION
18 MILLION OWED TO WILLIAMS INTERNATIONAL AND MONTUBI,
RESPECTIVELY, AND IN SOME CASES EMBASSY BELIEVES THIS IS DUE TO
GOVERNMENT BUDGETARY CUTBACKS AND OVERSPENDING, BUT PRIVATE
SECTOR REMITTANCE DELAYS ARE USUALLY DUE TO MECHANICAL PROBLEMS
AT THE CENTRAL BANK. AS ALREADY STATED, FOREIGN EXCHANGE
RESERVES STAND AT APPROXIMATELY DOLLARS 4.5 BILLION AND ARE
DECLINING SLOWLY--BY ABOUT DOLLARS 200 MILLION YEARLY.

B) OTITI SEEMED TO BE GENUINELY EMBARRASSED OVER DELAY IN
APPROVAL PAN AM'S REMITTANCES AND STATED THAT CONTINUING DELAYS
WERE DAMAGING NIGERIA'S COMMERCIAL CREDIBILITY OVERSEAS. THUS
HE OFFERED TO PERSONALLY OVERSEE PROCESSING OF PAN AM'S
PAPERWORK. NONETHELESS, BY OFFERING TO HELP SOLVE THIS
PROBLEM AND FUTURE ONES HIMSELF, OTITI ACKNOWLEDGED THAT THE
ROUTINE BANK CLEARANCE CHANNELS FOR REMITTANCE APPROVAL WERE
A FAILURE WITH LITTLE IF ANY CHANCE FOR IMPROVEMENT IN THE
NEAR FUTURE. WHEN PAN AM SUGGESTED SETTING UP A SEPARATE DESK
TO CLEAR AIRLINE REMITTANCES, OTITI SAID WITHOUT CONVICTION
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PAGE 03 LAGOS 13979 021632Z

THAT THEY WERE STUDYING THE PROBLEM. ALTHOUGH EMBASSY STILL
BELIEVES THAT CENTRAL BANK WILL EVENTUALLY WORK OUT ITS PROBLEMS
WITH THE NEW LOWER LEVEL PERSONNNEL GAINING EXPERIENCE AND THE
PARALYZING EFFECTS OF THE FOREIGN EXCHANGE SCANDALS SLOWLY
FADING, SHORT-TERM PROGNOSIS IS CONTINUED DELAYS FOR REMITTANCES.
LETTERS OF CREDIT CLEARANCE PROCEDURE, HOWEVER, IS SHOWING
SIGNS OF IMPROVEMENT.
EASUM

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